RAJYA SABHA

Friday, the 5th December, 1986/ 14th Agrahayana, 1908 (Saka)

The House met at eleven of the Clock,

Mr. Chairman in the Chair.

OBITUARY REFERENCE

MR. CHAIRMAN: Before we pass on to the other business, I would like to refer with profound sorrow to the passing away of Shri N. C. Sekhar, a former Member of this House from the State of Kerala.

Shri N. C. Sekhar was born at Vizhinjam, Neyyantinkarai Taluk of Kerala State in June 1906. He had his education at Neyyattinkarai and Trivandrum. An active social and political worker, Shri Sekhar was one of the founder leaders of the Communist movement in the country. Shri Sekhar participated in the Civil Disobedience Movement in 1930-31 and was imprisoned for seven months. An eminent trade unionist, Shri Sekhar was connected with a number of social and welfare organisations and suffered imprisonment several times for the cause of the people. During his tenure as Member of the Rajya Sabha from April 1954 to April 1960, Shri Sekhar took keen interst in the proceedings of the House.

We deeply mourn the passing away of Shri N. C. Sekhar.

I request Members to rise in their places and observe a minute's silence as a mark of respect to the memory of the departed.

(Honourable Members then stood in silence for one minute)

MR. CHARMAN: Secretary-General will convey to the members of the bereaved family our sense of profound sorrow and deep sympathy.

ORAL ANSWERS TO QUESTIONS

Steel plants in private or joint sector

@*461. SHRI VEERSHETTY MOGLAPPA KUSHNOOR:†

SHRI H. HANUMANTHAPPA:

Will the Minister of STEEL AND MINES be pleased to state:

(a) whether Government are considering a proposal from the private sector to set up steel plants in the country either in the joint sector or in the private sector; and

(b) if so, whether Government have taken any decision in this regard?

THE MINISTER OF STEEL AND MINES (SHRI K. C. PANT): (a) and (b) A Statement is laid on the Table of the House.

Statement

(a) and (b) Government have received a number of proposals for setting up steel making units through the electric arc furnace route. Such proposals are considered under the provisions of the existing guidelines for grant of industrial licences for steel making. These guidelines are curently under review in the light of the projections for demand and supply of steel. Proposals from the private sector for setting up steel making units will be considered in the light of the provisions of the guidelines when they are finalised.

SHRI VEERSHETTY MOGLAPPA KUSHNOOR: Mr. Chairman Sir, is it a fact that the Planning Commis-

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@Previously starred question 361 postponed from the 28th November, 1986.

†The question was actually asked on the floor of the House by Shri Veershetty Moglappa Kushnoor.

sion has given the finding that at the end of the century the country will have to import six millions of steel? Not only that. The Government and the Minister also have announced that there will not be any expansion of the present steel plants at Bokaro and Bhilai due to paucity of funds. If that is so, Sir, I would like to know how the Government of India is going to meet this shortfall in steel in the coming months what the plans are before the Government and how they are going to bridge this gap.

SHRI K. C. PANT: Sir, the Working Group of the Planning Commission want into to this question and it is true that they have identified a gap between availability and supply of steel, I think, of the order of about five million tonnes. Thereafter, we again had a study carried out and identified the gap and there will definitely be a gap at the turn of the century. We have also gone into the question of expansion of the public sector units. My friend is right when he talks of Bhilai and Bokaro expansions, being the two major expansions, which the Government has undertaken at the moment. But there is also the Vizag steel plant which is coming up. There will be modernisation of Rourkela and Durgapur and rehabilitation of IISCO and some further expansion of Bokaro which is by way of rationalisation of capacity. Even after all that, there is a gap and one of the ways of meeting the gap, perhaps the only way, after the public sector expansions have been taken into account, is to allow mini-steel plants to come up in the private sector.

MR. CHAIRMAN: Yes, Mr. Kushnoor, you put your second supplementary.

SHRI VEERSHETTY MOGLAPPA KUSHNOOR: Sir, at present also, there is a gap of about 1.5 million tonnes every year and by the end of 1990, the production will be only 13 million tonnes.

So the hon. Minister himself has given a statement in the month of May that new guidelines are going to be finalised for the establishment of private steel mills. After six mouths also, no action has been taken. What is the hitch in finalising the guidelines for allowing the private steel plants to come up in the country?

SHRI K. C. PANT: Sir, there was no hitch as such. But we thought that it would be better to take an overall view which the hon. Member suggested earlier, namely, to make a projection of 10-15 years, to identify the gap between availability and and see to what extent the public sector would be in a position to meet that demand. and having identified the gap, thereafter to see what changes in policy would be required. At the same time, we wanted also to look into the question of minimum capacity which would make these mini steel plants viable and now we are very nearly at the end of the exercise, and I hope within a month or so we should come up with the revised policy guidelines.

SHRI NIRMAL CHATTERJEE: It is unfortunate that even though we are adequately endowed with coal, steel and dolomite, we continue to dream of imports by the turn of the century. I do not know whether we should have a second look at the planning part. But my question is: He has referred to only mini steel plants. Are there no offers from the private sector; for instance, from the Birlas, for establishing composite steel mills? Secondly, if there is constraint of resources, can't SAIL go along the route of other public sector enterprises for floating bonds and thus raising resources out of private savings?

SHRI K. C. PANT: Sir, when I referred to mini steel plants, what I really was talking about was about non-glass furnace route for steel production; in other words, electric arc furnace of other technologies, which, require less capital. And the area which the Government of India would like to encourage most is the sponge iron route, so that we can make use of non-coking coal and iron ore and have a dispersal of industries even far away from the coking coal areas. In this process the private sector can also contribute. And it is for them to come up with proposals. As I said, a number of proposals have been recevied. And once we have revised the policy guidelines, then we can consider the individual proposals. The only reason for the delay, as I said, is to have a framework in which to consider the proposals, and not to do it *ad hoc*.

SHRI NIRMAL CHATTERJEE: What about the composite steel mills?

SHRI K. C. PANT: That also we will consider, but that will depend on the ultimate shape of the guidelines.

SHRI JAGESH DESAI: I compliment the Steel Ministry and the management of SAIL that the production of saleable steel for the month of November is a record production as compared to even earlier months, whereas in the case of TISCO, in the month of November it has gone down. Sir, I would like to know from the hon. Minister whether they will give more encouragement to the steel industry in the public sector. And when will the Vizag steel plant be commission, and what will be its capacity?

SHRI K. C. PANT: Sir, it is a little far afield from the present question. But if you want, I will attempt to answer that.

The Vizag steel plant will be completed in two phases: in 1988 the first phase and by 1990 the second phase. And so far as SAIL steel plants are concerned, as my hon. friend has just now said, the production has improved in the month of November. It has picked up in the last month. It has been picking up during the last couple of months. Now it is picking up. In fact, in these months, winter months, usually steel production does pick up.

PROF. C. LAKSHMANNA: While the guidelines are being framed, I would like to have an assurance from the Minister that the Vijayanagram steel mills at Hospet which has been a commitment on the part of the Government will also be considered. Secondly, the Salem steel plant has started production...

MR. CHAIRMAN: The question is far far from the...

PROF. C. LAKSHMANNA: I will come to it, Sir. Therefore, that will also be taken up if all these are taken up. In view of the performance of SAIL and the assurance given by the SAIL people for stepping up production, there may not be need for thinking in terms of giving steel production to the private industry and to allow it to make further inroads into the public sector. Therefore, may I request the Minister to assure that all these things will be taken into consideration before any decision to open up the steel sector to the private industry is taken?

SHRI K. C. PANT: I have stated in the House and my hon. friend knows that only 10 crores of rupees are provided in the Seventh Plan for new steel plants. That amount includes both the Vijayanagram and Daitarai steel plants. So, the constraint of resources is obvious from that single fact. Therefore, in the context of these mini steel plants, etc. certainly we can keep that in mind. But with this provision how can I hold out any assurance?